

City of Detroit

CITY COUNCIL

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TO: Robert Davis, Director of Activities
Planning & Development Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 27, 2009

RE: 2009-2010 Budget Analysis

14.

Attached is our budget analysis regarding your department's budget for the upcoming 2009-2010 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Tuesday, April 28, 2009 at 2:30 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Department Director
Alia Moss, Budget Department Team Leader
Joe Harris, Chief Financial Officer
Arese Robinson, Mayor's Office

Planning Development Department (36)

FY 2009-10 Budget Analysis by the Fiscal Analysis Division

Summary

The Planning Development Department is a General Fund agency.

The recommended 2009-10 Budget totals \$55.2 million. This represents a \$923,222 (1.6%) decrease from the current fiscal year.

The department's net tax cost is (\$3,580,200) which decreases by \$1,546,251. This is due primarily to a corresponding decrease in appropriations and a net increase in revenue.

In the recommended budget, the department receives 83.2% of its revenues from federal grants, which consists of Community Development Block Grant funds, and HOME Program funds. The Mayor anticipates that the department will receive \$26,028 more in grant revenues in the upcoming fiscal year.

The City Council deliberates over the federal dollars in the budget during its review and approval of the city's Consolidated Plan that is submitted to HUD. Consequently, this budget analysis concentrates on the General Fund and Capital Improvement budgets of the department.

The Mayor recommends no change in the department's capital improvement funds budget, leaving it at zero (0) in the 2009-10 FY.

The Mayor recommends a net decrease of 7 positions, consisting of the elimination of 9 City positions, offset by the creation of 2 grant positions.

2008-09 Surplus/(Deficit)

The Mayor anticipates a \$9.2 million surplus for the department. The surplus is due to an appropriation surplus of \$611,410 due to vacancies and an \$8.59 million revenue surplus due primarily to land sales.

Overtime

The department's overtime budget for 2007-08 is \$9,796. As of March 31, 2009, overall the department has spent \$2,188 (22.3%) on overtime. The Mayor recommends \$10,948 in overtime for the department in 2009-10, an 11.76% increase.

Personnel and Turnover Savings

The Mayor recommends no turnover savings for the department in the 2007-08 Budget.

The following is information by appropriation comparing FY 2008-09 positions, as of March 31, 2009 filled positions and FY 2009-10 recommended positions:

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2008-09</u>	<u>Filled Positions 3/31/2009</u>	<u>Mayor's Budget Positions FY 2009-10</u>	<u>Over/(Under) Actual to 08/09 Budget</u>	<u>Mayor's Recommended Turnover</u>
Planning & Development Department (36)					
00015 Real Estate-City	21	20	13	(1)	\$ -
360052 Planning and Develop Resour	6	6	6	0	\$ -
360053 ONCR	2	2	1	0	\$ -
360105 Planning City	0	0	0	0	\$ -
360145 Development City	5	5	5	0	\$ -
00883 Development-City	13	13	12	0	\$ -
360010 Administration	19	19	19	0	\$ -
360012 Grants/MIS	8	8	9	0	\$ -
360013 Financial Management	14	15	14	1	\$ -
360015 Contract Compliance	10	10	10	0	\$ -
06040 PDD Administration-BG	51	52	52	1	\$ -
360060 Development	18	17	18	(1)	\$ -
360100 Planning	12	12	12	0	\$ -
06044 Development-BG	30	29	30	(1)	\$ -
360080 Home Administration	12	11	10	(1)	\$ -
06106 Home Program 94 Administration	12	11	10	(1)	\$ -
360037 Neighborhood Development - Public	0	0	0	0	\$ -
360041 Neighborhood Development	0	0	0	0	\$ -
360090 Housing Services	35	35	36	0	\$ -
06667 NRR Rehab. Program Staff	35	35	36	0	\$ -
11134 Ofc. of Neighborhood Development	0	0	2	0	\$ -
360036 Neighborhood Development-Admin.	11	10	9	(1)	\$ -
360037 Neighborhood Development-Public	0	0	3	0	\$ -
360038 Comm. Based Org/Eco Dev Tech	4	4	3	0	\$ -
11494 Comm. Based Org/Eco Dev Tech Asst	15	14	15	(1)	\$ -
11815 Emergency Shelter Staff-PDD	0	0	0	0	\$ -
11884 CDC Admin. Operations	0	0	0	0	\$ -
36XXXX Leave of Absence	0	1	0	1	\$ -
36XXXXUnmatched	0	1	0	1	\$ -
TOTAL	<u>177</u>	<u>175</u>	<u>170</u>	<u>(2)</u>	<u>\$ -</u>

Proposed Layoffs and Vacant Position Reductions

The Mayor has recommended 7 layoffs, all City positions for the Planning Development Department in the 2009-10 Budget.

The department is anticipating a net decrease of 7 positions. The reductions in positions include the loss of 9 City positions (7 through layoff, one deleted vacancy and one position transferring over to a block grant position). The position reductions were offset by the addition of 2 Block Grant positions.

Significant Funding by Appropriation

<u>Appro.</u>	<u>Program</u>	
00014	Community Development	This appropriation decreases by \$169,224, due to decreases of \$69,618 in Property Taxes, a \$67,555 reduction in Legal costs, \$38,051 decrease for Repairs & Maintenance Buildings and \$10,000 decrease in Acquisitions- Land, offset by a \$16,000 increase in Appraisal costs.
00015	Real Estate - City	This appropriation decreases by \$1 million. The decrease is due primarily to a \$595,182 reduction in salaries and benefits due to the loss of 8 positions, a \$154,858 decrease in block grant reimbursements (indirect costs) and \$193,064 in direct costs, offset by slight increases in other areas.
00595	Economic Dev. Corporation	The City's contribution for the Economic Development Corporation remains unchanged at \$300,000 in 2009-10 FY.
00597	Economic Grow. Corporation	The City's contribution for the Detroit Economic Growth Corporation remains unchanged at \$1 million in 2009-10 FY.
00883	Development - City	This appropriation increases by \$258,609 due primarily to a \$195,857 increase in org 36-0052 Planning and Development Resources, due primarily to a \$142,000 increase in contractual services, a \$53,495 increase in block grant reimbursements (indirect costs) and a \$9,519 increase in Distributed Costs, offset by salary and benefit decreases; a \$73,049 increase in org 360145 Development City, offset by a \$10,397 decrease for org 36053 ONCR (Office of Neighborhood Commercial Revitalization).
11134	Off. of Neigh. Development	This appropriation of \$234,195 is restored in the 2009-10 FY budget, and had last appeared in the 2007-08 FY. The activity was moved to appropriation 00883 Development City for the 2008-09 FY.

Significant Revenue Change by Appropriation and Source

<u>Appro.</u>	<u>Program</u>	
00014	Community Development	Revenue source increases by \$597,001 due primarily to a \$600,000 increase in the sales of Rentals Public Buildings, offset by a \$2,999 decrease in Sales of Real Property.

Planning and Development (36)

Budgeted Professional and <u>Contractual Services by Activity</u>	FY 2008-09 <u>Budget</u>	FY 2009-10 <u>Recommended</u>	Increase <u>(Decrease)</u>
Administration	\$ 271,500	\$ 311,500	\$ 40,000
Development	603,344	748,617	145,273
Planning	120,000	120,000	-
Bonded Capital Projects	-	-	-
Office of Neighborhood Commercial	-	-	-
Total	<u>\$ 994,844</u>	<u>\$ 1,180,117</u>	<u>\$ 185,273</u>

Professional and Contractual Services increase slightly by \$185,273 (18. 6%) in the 2009-10 FY.

Issues and Questions

The Mayor has recommended a net decrease of 7 positions for Planning and Development in the 2009-10 FY. The reductions in positions include the loss of 9 City positions (7 through layoff, one deleted vacancy and one position transferring over to a block grant position) and the loss of 2 Home Fund positions, offset by the addition of 4 Block Grant positions. How will these position changes impact the daily operations of the department?

Two of the positions the department is eliminating are two grant funded Home Fund positions. How long have these grant-funded positions been vacant? Why were these aforementioned grant-funded positions vacant?

Planning and Development's Office of Neighborhood Commercial Revitalization (ONCR) (org 36053) is budgeted within appropriation 00883 Development City in the 2009-10 FY. In the upcoming fiscal year, however, the Mayor is restoring an old appropriation that formally housed the operation of ONCR, 11134 Office of Neighborhood Development. What is the rationale for the restoration and how do the operations in the two budgetary allocations org 36053 ONCR and appropriation 11134 Office of Neighborhood Development differ?

Administration

- **(Pg 36-2) Major Initiatives for FY 2008-09: Fully implement (HUD) Section 3 program to provide employment, training and business opportunities for city of Detroit residents.**

How successful has the department been in the current fiscal year in accomplishing the goals of providing employment, training and business opportunities for city of Detroit residents under the Section 3 program?

How many individuals participated in the program?

(Pg 36-3) DEVELOPMENT MEASURES AND TARGETS

Contract Compliance Unit:

	2006-07 Actual	2007-08 Actual	2008-09 Projected	2009-10 Target
Number of Contracts Reviewed	55	55	55	22
Percent Change		0%	0%	-60%

As the Chart above indicates, the targeted number of contracts reviewed is estimated to decline significantly (60%) in the upcoming fiscal year. What is the rationale for this projection and what is the anticipated impact of this reduction?

Financial Management Unit:

	2006-07 Actual	2007-08 Actual	2008-09 Projected	2009-10 Target
Number of financial transactions processed	1275	1500	1500	940
Percent Change		18%	0%	-37%

As the Chart above indicates, the targeted number of financial transactions processed is also estimated to decline significantly (37%) in the 2009-10 FY. What is the rationale for this projection and what is the anticipated impact of this reduction?

Real Estate Development Division

- **(Pg 36-6) Major Initiatives for FY 2007-08:** To transition the newly formed Real Estate Development Division in 2 years into a highly competitive and productive unit by reclassifying and consolidation of 15-20% of our development specialist title into a project management title for optimum delivery services.

To date, how successful has the department's progress been towards reclassifying and consolidation of the positions stated above to operationally transition the Real Estate Development Division into a highly competitive and productive unit?

- **(Pg 36-6) Planning for the future for FY 2009-10, FY 2010-11 and Beyond:** Develop a Real Estate Development Division Resource Handbook and brochure to be integrated into the department's procedures and protocols and made available to all staff and prospective business clientele.

How soon does the department anticipate the handbook mentioned above will be available and what is the projected cost to produce it?

What is the anticipated impact of the new handbook on the daily operations in the Real Estate and Development Division?

Will this handbook be available on the Internet via department's website?

Development

- **(Pg 36-7) Major Initiatives for FY 2008-09:** Implemented HUD Lead Hazard Demonstration Grant (\$4 million awarded in 2007) \$3,081,724

How long will the remaining funds for the Lead Abatement Program be utilized for the department's lead abatement efforts? The department losses 2 Home Fund positions in the 2009-10 FY. Will the loss of these two positions negatively impact the department's lead abatement efforts?

▪ **(Pg 36-8) DEVELOPMENT MEASURES AND TARGETS**

	2006-07 Actual	2007-08 Actual	2008-09 Projected	2009-10 Target
Number of Affordable Housing Units	550	2,863	1,084	1,500

As the Chart above indicates, the projected and targeted numbers of Affordable Housing Units in the 2008-09 and 2009-10 fiscal years are projected at modest figures. Does the department anticipate these numbers will change significantly due to the NSP program, not accounted for in the budget?

Revenue

- **(Pg. 36-46) 0014 Community Development - 464100 Sales of City Real Property)** In the current fiscal year 2008-09, Planning and Development has \$9 million in budgeted revenue slated for this revenue category, but is expected to generate about \$18 million in sales. To-date, what is the current level of revenue collections in this category? Will the department collect all of this revenue (including the anticipated surplus) before the fiscal year ends, June 30, 2009?

Please provide a list of all fees and charges made by the Planning and Development Department. Include the amount of the current fee or charge. Indicate when the fee or charge was last changed, and the amount of the change. Indicate if the fee or charge was reviewed as part of the city-wide fee study conducted by Maximus. If the fee was included in the study what was the recommendation? Has the recommendation been implemented? If not provide an explanation of why the recommendation was not implemented?

Is the department involved in any activities that are not recorded as part of the city's financial reporting system? If so, identify what the activities are. Example, the Mayor's Office has established a non-profit organization in connection with the soon to be renamed, Next Detroit Neighborhood Initiative Program.

Does the department use any automated or electronic systems not directly linked to the financial reporting system, DRMS? Is so, identify what the systems are, and what the plans and timetable is to incorporate the system into DRMS. Example, the Recreation Department has a Recreation Activity Fund whose financial records are maintained separately from the DRMS system.

What are Distributed Costs?

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